

## Message Text

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ACTION AF-10

INFO OCT-02 ISO-00 SSO-00 INRE-00 NSCE-00 USIE-00  
CIAE-00 DODE-00 PM-05 H-02 INR-07 L-03 NSAE-00  
PA-02 PRS-01 SP-02 SS-15 IO-14 COME-00 EB-08  
LAB-04 SIL-01 HA-05 TRSE-00 XMB-04 /084 W  
-----004615 251601Z /47

O R 251410Z JAN 78

FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC IMMEDIATE 7186

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMEMBASSY PRETORIA

UNCLAS SECTION 1 OF 2 JOHANNESBURG 0178

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: ELAB, SOPN, SF, US

SUBJECT: PRESS COVERAGE OF CLARK REPORT

1. THE FOLLOWING ARTICLE BY EUGENE HUGO, DATLINED WASHINGTON,  
APPEARED IN THE JANUARY 25 EDITION OF THE "STAR": QUOTE:

U.S. PLAN TO CURB INVESTMENT FLOW TO SA

NEW PRESSURES ON SOUTH AFRICA BY USING INVESTMENT FLOWS AS A  
POLITICAL WEAPON HAVE BEEN RECOMMENDED TO THE AMERICAN  
SENATE BY SENATOR DICK CLARK, CHAIRMAN OF THE AFRICA SUB-  
COMMITTEE OF THE FOREIGN RELATIONS COMMITTEE.

THE RECOMMENDATIONS ARE BUILT INTO A SPECIAL REPORT COMPILED  
ON US CORPORATE INTERESTS IN SA. THEY ALSO URGE THE PERMANENT  
WITHDRAWAL OF THE US COMMERCIAL ATTACHE AND THE THREAT  
OF CUTTING TAX CREDITS FOR US FIRMS IN SA THAT DO NOT TOE  
THE LINE ON WASHINGTON POLICIES.

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SENATOR CLARK SAID THE FINDINGS CONTAINED IN THE REPORT  
INDICATED THAT US ECONOMIC INTERESTS IN SOUTH AFRICA "HAVE  
BEEN PIVOTAL IN DIRECTING ASSISTING THE SOUTH AFRICAN GOVERN-MENT."

THE REPORT ALSO SHOWED THAT US CORPORATIONS HAD, COLLECTIVELY,  
MADE NO SIGNIFICANT IMPACT ON EITHER RELAXING APARTHEID,

OR IN ESTABLISHING COMPANY POLICIES WHICH WOULD OFFER A LIMITED, BUT NEVERTHELESS IMPORTANT, MODEL OF MULTI-NATION RESPONSIBILITY.

THE REPORT STATES INSTEAD THAT THE NET EFFECT OF AMERICAN INVESTMENT HAS BEEN TO STRENGTHEN THE ECONOMIC AND MILITARY SELF-SUFFICIENCY OF SOUTH AFRICA'S APARTHEID REGIME - UNDERMINING THE FUNDAMENTAL GOALS AND OBJECTIVES OF US FOREIGN POLICY.

SENATOR CLARK SAID THESE FINDINGS HAD MADE THE CURRENT US POLICY OF NEITHER ENCOURAGING, NOR DISCOURAGING, NEW US INVESTMENT IN SOUTH AFRICA NO LONGER TENABLE.

HE STRESSED, HOWEVER, THAT THE NEW POLICIES HE WAS RECOMMENDING REPRESENTED A MODERATE APPROACH TO THE SITUATION. THEY WERE VIRTUALLY IDENTICAL TO POLICIES ADOPTED BY CANADA LAST MONTH.

THE RECOMMENDATIONS WERE AIMED AT "FOSTERING SPECIFIC AND MEANINGFUL" CHANGES IN THE ROLE WHICH US CORPORATE INTERESTS HAD TRADITIONALLY PLAYED.

THE CLARK REPORT IS THE MOST THOROUGH AND COMPREHENSIVE STUDY DONE OF US CORPORATE INTERESTS IN SOUTH AFRICA. IT CONSISTS OF ANALYSES OF INTERNATIONAL CREDIT IN SOUTH AFRICA, UNCLASSIFIED

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A SURVEY OF THE ACTIVITIES OF US COMPANIES IN SOUTH AFRICA AND A SUMMARY OF VIEWS EXPRESSED DURING 1970 HEARINGS. AN INTERNATIONAL CREDIT ANALYSIS IN THE REPORT INDICATES THAT AMERICAN CREDIT DIRECTLY ASSISTED THE SOUTH AFRICAN GOVERNMENT IN ITS EFFORTS TO ATTAIN ECONOMIC AND STRATEGIC SELF-SUFFICIENCY IN RECENT YEARS.

DURING THE CRITICAL TWO-YEAR PERIOD FROM 1974 TO 1976 - WHEN THE PRICE OF GOLD FELL AND SOUTH AFRICAN DEFENSE EXPENDITURES SOARED - US CREDIT GREW TO 2200M DOLLARS (ROUGHLY THE EQUIVALENT OF WHAT THE SOUTH AFRICAN GOVERNMENT SPENT LAST YEAR ON DEFENSE AND OIL SUPPLIES.

THE SURVEY OF US COMPANIES WAS CONDUCTED BY THE FOREIGN RELATIONS COMMITTEE STAFF USING QUESTIONNAIRES SENT TO 260 US FIRMS DOING BUSINESS IN SOUTH AFRICA.

THE REPLIES TO THE QUESTIONNAIRES INDICATE THAT, ON THE WHOLE, US COMPANIES HAVE BEEN ACTING WITHIN THE FRAMEWORK OF THE SA GOVERNMENT'S APARTHEID PRINCIPLES.

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LAB-04 SIL-01 HA-05 TRSE-00 XMB-04 /084 W  
-----004422 251601Z /47

O R 251410Z JAN 78  
FM AMCONSUL JOHANNESBURG  
TO SECSTATE WASHDC IMMEDIATE 7187  
INFO AMCONSUL CAPE TWON  
AMCONSUL DURBAN  
AMEMBASSY PRETORIA

UNCLAS SECTION 2 OF 2 JOHANNESBURG 0178

CAPE TOWN ALSO FOR EMBASSY

"ALTHOUGH AMPLE OPPORTUNITIES EXIST TO IMPLEMENT MORE  
PROGRESSIVE LABOR POLICIES WITHOUT VIOLATING SOUTH AFRICAN  
LAW, AMERICAN FIRMS HAVE DEMONSTRATED LITTLE INCLINA-  
TION TO DO SO," ACCORDING TO THE SURVEY.

THE REPORT STATES THAT THE NEW POLICY RECOMMENDED BY SENATOR  
CLARK SHOULD BE BACKED BY CONCRETE STEPS:

--NO RESOURCES OF THE US GOVERNMENT SHOULD BE USED TO  
PROMOTE FOREIGN INVESTMENT IN, OR LOANS TO, SOUTH  
AFRICA.  
--EXPORT-IMPORT BANK INSURANCE AND LOAN GUARANTEES SHOULD  
CEASE.  
--THE US COMMERICAL ATTACHE SHOULD BE PERMANENTLY WITH-  
DRAWN.  
--VISITS TO SOUTH AFRICA BY OFFICIALS OF THE DEPARTMENT  
OF COMMERCE SHOULD CEASE.  
--ACTIVITIES OF US AGENCIES WHICH MAY INDIRECTLY PROMOTE  
SOUTH AFRICAN INVESTMENTS SHOULD BE REVIEWED AND LIMITED  
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WHERE APPROPRIATE.

--ECONOMIC DATA AND COUNSELING SHOULD NO LONGER BE SUPPLIED TO POTENTIAL INVESTORS BY THE US GOVERNMENT.

--TAX CREDITS SHOULD BE DENIED TO US COMPANIES PAYING SOUTH AFRICAN TAXES IF THOSE COMPANIES FAIL TO ACT IN WAYS CONSISTENT WITH AMERICAN POLICY TOWARD SOUTH AFRICA. "THIS STEP WOULD EFFECTIVELY DENY TAX CREDITS TO COMPANIES WHICH FAIL TO ENFORCE FAIR LABOR PRACTICES, INVEST IN STRATEGIC PROJECTS INVOLVING SOUTH AFRICA'S MILITARY, SECURITY OR DEFENSE NEEDS, OR HAVE FINANCIAL INVOLVEMENT IN ANY PROJECTS WHICH FURTHER THE IMPLEMENTATION OF SOUTH AFRICA'S SEPARATE DEVELOPMENT POLICIES."

--THE US GOVERNMENT SHOULD REFRAIN FROM ENDORSEMENT OF ANY PRIVATE GROUPS OR ORGANIZATIONS WHICH PROMOTE US CORPORATE INVESTMENT IN SOUTH AFRICA WITHOUT ADHERENCE TO THE INVESTMENT GUIDELINES. UNQUOTE.

2. FURTHER PRESS COVERAGE BEING AIR POUCHED TO AF/I AND AF/S. JOHNSON

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## Message Attributes

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Sheryl P. Walter  
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